

Legislation Text

File #: 20-1050, Version: 1

Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing for the Markham Plaza II Apartments Located at 2010 Monterey Road.

(a) Hold a Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA") public hearing for the issuance not to exceed \$25,000,000 in tax-exempt private-activity bonds by City to finance the acquisition by Markham Plaza II, L.P and rehabilitation of the Markham Plaza II Apartments, formerly Tully Gardens II Apartments, a 152-unit apartment complex located at 2010 Monterey Road in San José.

(b) Adopt a resolution approving the issuance of Revenue Bonds by the City in an aggregate principal amount not to exceed \$25,000,000 to finance the acquisition and rehabilitation of a 152-unit multifamily rental housing facility for the benefit of Markham Plaza II, LP, a California limited partnership, or an entity to be created by Core Affordable Housing, LLC (or an affiliate), and certain other matters relating thereto.

(c) Adopt a resolution authorizing:

(1) A change in the existing affordability restriction for Markham Plaza II Apartments (formerly Tully Gardens II Apartments) to allow a change from 151 units affordable to extremely low-income ("ELI") households at up to 30% of Area Median Income ("AMI") and one unrestricted manager's unit to 76 units affordable to ELI households at up to 30% of AMI and 75 units to be restricted affordable to very low-income households for new or over income tenants only at up to 35% of AMI;

(2) An increase to rents and income up to 60% AMI (low-income) for all units in the event of foreclosure or for new tenants in subsidized units in the event of the expiration or involuntary termination of subsidy contracts, provided the City has determined the increase is needed for feasibility of the development and allowed by other funds;

(3) The extension of the existing City's loan term by an additional 17 years; until the 55th anniversary of the closing of the bond financing, and a decrease in the City's loan interest rate from 4.77% fixed, compounded annually to 3% fixed, compounded annually;

(4) The subordination of the City's Deeds of Trust to a County option to purchase the land, provided that the City shall have a right of first refusal to purchase the land; and

(5) The Director of Housing to negotiate and execute any City loan documents, grant documents, amendments, and all other documents related to these actions.

CEQA: Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment. Council District 7. (Housing/Finance)